



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas & Mining

MICHAEL R. STYLER
Executive Director

JOHN R. BAZA
Division Director

January 8, 2008

Karen Palmer, President
Diamond K Gypsum, Inc.
1720 South Red Hills Road
Richfield, Utah 84701-7003

Subject: Authorization for Release of Letter of Credit (LOC), Diamond K Gypsum, Inc., DKG Quarry, M/015/041, Task 1888, Emery County, Utah

Dear Ms. Palmer:

Wells Fargo Bank is presently holding a Letter of Credit, account number _____, for the benefit of the State of Utah, Division of Oil, Gas and Mining as a form of reclamation surety for Diamond K Gypsum, Inc. for their DKG Quarry Mine Site.

The Division hereby requests the partial release of funds in the amount of \$11,300.00. The Division requires a balance of \$36,600.00 until Operator meets all reclamation requirements.

Areas labeled B1 and B2 meet the revegetation requirements of R647-4-111.13.11, so the Division is fully releasing these areas. Area C3 and the adjacent topsoil storage, loading and lot stockpile areas meet regrading requirements but do not yet have adequate vegetation.

If you have any questions or require further discussion regarding the content of this letter, please contact Jed Pearson, Surety Bonding Coordinator, telephone (801) 538-5382 or email jedpearson@utah.gov.

Sincerely,

Susan M. White
Mine Program Coordinator
Minerals Regulatory Program

JRB:JP:pb

enc: LOC Agreement copy.

cc: Wells Fargo Bank, (Trade Services Division, Northern California, One Front Street, 21st Floor, San Francisco California 94111)
BLM, Opie Abeyta (Opie_Abeyta@blm.gov)
Nathan Sill, Price BLM
Paul Baker, OGM
Jed Pearson, OGM

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Operations Group
Northern California
One Front Street, 21st Floor
San Francisco, CA 94111



PAGE: 1

DATE: APRIL 18, 2005

AMENDMENT TO CREDIT NO.

AMENDMENT NUMBER: 1

APPLICANT:
DIAMOND K GYPSUM, INC
1600 SOUTH REDHILLS ROAD
RICHFIELD, UT 84701

BENEFICIARY:
STATE OF UTAH
DIVISION OF OIL GAS AND MINING
1594 WEST NORTH TEMPLE
SALT LAKE CITY, UTAH 84114-5801

RECEIVED

APR 19 2005

DIV OF OIL GAS & MINING

THIS AMENDMENT IS TO BE CONSIDERED AS PART OF THE ABOVE CREDIT AND MUST BE ATTACHED THERETO.

THE ABOVE MENTIONED CREDIT IS AMENDED AS FOLLOWS:

THE AMOUNT OF THIS CREDIT HAS BEEN INCREASED BY USD 14,800.00.

THE AMOUNT OF THE CREDIT ISSUED NOW TOTALS USD 47,900.00.

ALL OTHER TERMS UNCHANGED.

AUTHORIZED SIGNATURE
SOCCI LOZANO

ASSISTANT VICE PRESIDENT

PLEASE CONTACT AMY V. MARIO BY TELEPHONE AT 415-396-6209 OR BY FAX AT (415)296-8905 OR OUR HELPLINE AT 1-800-798-2815 OPTION 1 REGARDING ANY INQUIRIES.

**WELLS
FARGO**

m/015/041
Trade Services San Francisco
MAC A0195-212
One Front Street, 21st Floor
San Francisco, California 94111
Phone # (800) 798-2815, Option 1
E-mail: sftrade@wellsfargo.com

Irrevocable Letter of Credit Number

Issue Date: April 5, 2005

RECEIVED

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DIV. OF OIL, GAS & MINING

State of Utah
Department of Natural Resources
Division of Oil Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

and

U.S. Department of the Interior Bureau of Land Management
324 South State Street
Salt Lake City, Utah 84111

Gentlemen and Ladies:

1. Wells Fargo Bank, N.A., ("Bank"), of San Francisco, California, hereby establishes this Irrevocable Letter of Credit (the "Letter of Credit") in favor of the State of Utah, Division of Oil, Gas and Mining and U.S. Department of the Interior Bureau of Land Management ("Division") for an aggregate amount not to exceed \$33,100.00 in United States Dollars ("Face Amount") effective immediately.
2. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 o'clock p.m. (San Francisco time) on March 31, 2006 or (b) the date upon which sufficient documents are executed by the Division to release Diamond K Gypsum, Inc. ("Operator") from further liability for reclamation **of the DKG Quarry, Mine Permit No. M/015/041, Emery County, Utah with notice to Bank by the Division accompanied by the original Letter of Credit with directions for cancellation.**
3. This Letter of Credit will be automatically extended for successive periods of one year from the current or any future expiration date unless the Bank gives notice to the Division 90 days prior to the expiration date that the Bank elects not to renew the Letter of Credit.
4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit Number _____ delivered to the office of the Bank, Wells Fargo Bank, N.A., Trade Services Division, Northern California, One Front Street, 21st Floor, San Francisco, California 94111. At the Division's sole election, the Division may present sight drafts for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.
5. If the Bank receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 4 above on or before the expiration or termination of this Letter of Credit, the Bank will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than the close of business, San Francisco time, on the second business day (the term "business day" means a day we are open at our address above to conduct business) following the Bank's receipt of the sight draft and certificate and in such a manner as the Division may specify.

6. The Bank will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of the Bank, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Bank's charter or license to do business.
7. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1993 revision, International Chamber of Commerce Publication No. 500, as the same may be amended and in effect from time to time ("UCP"). In the event of a conflict between Utah law and the UCP, Utah law shall govern.
8. All communications regarding this Letter of Credit will be addressed to the Bank, Wells Fargo Bank, N.A., Trade Services Division, Northern California, One Front Street, 21st Floor, San Francisco, California 94111, referencing Letter of Credit Number

Very truly yours,

Wells Fargo Bank, N.A.

By: 

Name: Eisa Chau

Title: Assistant Vice President

EXHIBIT A - SIGHT DRAFT

To
Letter of Credit Number NZS541252

Date

City, County

Letter of Credit No.

PAY TO THE ORDER OF: State of Utah, and U.S. Department of the Interior Bureau of Land Management

DOLLARS

TO: Wells Fargo Bank, N.A.
Trade Services Division, Northern California
One Front Street, 21st Floor
San Francisco, California 94111

State of Utah
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

and

U.S. Department of the Interior
Bureau of Land Management
324 South State Street
Salt Lake City, Utah 84111

By: _____

Authorized Signature

EXHIBIT B

To
Letter of Credit Number _____

I, _____ a duly authorized representative of the State of Utah, Division of Oil, Gas and Mining and U.S. Department of the Interior Bureau of Land Management, hereby certify that (1) the drawing in the amount of \$ _____, by sight draft accompanying this certificate, under Letter of Credit No. _____ dated April 5, 2005 issued by you is permitted under the provision of the Letter of Credit, (2) the Letter of Credit has neither expired nor terminated pursuant to its terms, (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Face Amount, and (4) the Utah Board of Oil, Gas and Mining, after notice and hearing, has entered an Order which has not been stayed, ordering forfeiture of the Letter of Credit Number _____ in accordance with applicable law. Proceeds of this drawing will be utilized in full to pay the expenses relating to the reclamation liability, together with the costs of collection, including attorney's fees, for the Diamond K Gypsum, Inc. [mine], M/015/041 Emery County, Utah [mine permit #].

State of Utah
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

and

U.S. Department of the Interior
Bureau of Land Management
324 South State Street
Salt Lake City, Utah 84111

By: _____
Authorized Signature

Date _____

ACORD™

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY)
5-8-97

PRODUCER

OKERLUND LEAVITT INSURANCE
P O BOX 760
RICHFIELD, UT 84701

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

COMPANY

A

WESTERN HERITAGE

COMPANY

B

COMPANY

C

COMPANY


D

INSURED

DIAMOND K GYPSUM INC.
P O BOX 35
RICHFIELD, UT 84701

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS		
A	GENERAL LIABILITY		1/27/97	1/27/98	GENERAL AGGREGATE	\$ 1,000,000	
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				PRODUCTS - COMP/OP AGG	\$	
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				PERSONAL & ADV INJURY	\$	
	OWNER'S & CONTRACTOR'S PROT				EACH OCCURRENCE	\$ 1,000,000	
					FIRE DAMAGE (Any one fire)	\$	
			98	99	MED EXP (Any one person)	\$	
			99	2000			
	AUTOMOBILE LIABILITY				COMBINED SINGLE LIMIT	\$	
	<input type="checkbox"/> ANY AUTO				BODILY INJURY (Per person)	\$	
	<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident)	\$	
	<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE	\$	
	<input type="checkbox"/> HIRED AUTOS						
	<input type="checkbox"/> NON-OWNED AUTOS						
	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	\$	
	<input type="checkbox"/> ANY AUTO				OTHER THAN AUTO ONLY:		
					EACH ACCIDENT	\$	
					AGGREGATE	\$	
	EXCESS LIABILITY				EACH OCCURRENCE	\$	
	<input type="checkbox"/> UMBRELLA FORM				AGGREGATE	\$	
	<input type="checkbox"/> OTHER THAN UMBRELLA FORM					\$	
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				<input type="checkbox"/> WC STATUTORY LIMITS	<input type="checkbox"/> OTHER	
	THE PROPRIETOR/ PARTNERS/EXECUTIVE OFFICERS ARE:				EL EACH ACCIDENT	\$	
	<input type="checkbox"/> INCL				EL DISEASE - POLICY LIMIT	\$	
	<input type="checkbox"/> EXCL				EL DISEASE - EA EMPLOYEE	\$	
	OTHER						

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

A GYPSUM ROCK QUARRY IN ~~SW 1/4~~ SECTION 29, T-22S, R 9E. APPX 2 MILES NORTHWEST OF THE INTERSECTION OF THE MOORE ROAD, EMERY COUNTY RT. 1612 AND INTERSTATE I-70 IN THE US BLM SAN RAFAEL RESOURCE AREA.

CERTIFICATE HOLDER

JOHN E. WELSH, SR.
4780 BONAIR STREET
HOLLADAY, UT 84117John Elliott Welsh Sr. LLC
4780 Bonair Street
Salt Lake City, UT
84117-5319
Owner/Agent
John Elliott Welsh Sr.

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Patricia Christensen 5-8-97